

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA
U.S. Department of Justice
Antitrust Division
450 Fifth Street, NW, Suite 4100
Washington, DC 20530,

STATE OF MINNESOTA
445 Minnesota Street, Suite 1400
St. Paul, Minnesota 55101-2131,

and

STATE OF NEW YORK
28 Liberty Street
New York, NY 10005,

Plaintiffs,

v.

UNITEDHEALTH GROUP INCORPORATED
9900 Bren Road East
Minnetonka, MN 55343,

and

CHANGE HEALTHCARE INC.
3055 Lebanon Pike
Nashville, TN 37214,

Defendants.

COMPLAINT

UnitedHealth Group (United), which owns the largest health insurer in the United States, proposes to acquire Change Healthcare (Change), the leading source of key technologies that

United's health insurance rivals rely on to compete with United. By ensuring accuracy, avoiding overpayments, and reducing administrative waste, Change's technologies save United's rivals tens of billions of dollars each year and reduce healthcare costs for American families. Through these technologies, Change also has access to vast amounts of competitively sensitive data about United's rivals—data that reveals how their plans are designed and how they calculate payments to providers, for example—and holds “unfettered” rights to use much of this information. United is keenly aware of Change's data rights; its former CEO viewed acquisition of these rights as an essential reason for the acquisition of Change. Indeed, United recognized that it could use this data to extract intelligence about its health insurance rivals, despite acknowledging that this would trigger “Payer and provider sensitivity and competitive concerns.” Tellingly, while United has long coveted its rivals' claims data, it has gone to great lengths to safeguard its own claims data from competitors, recognizing that “someone specifically going out and getting all of that information” on “how the plans work” is “not a good thing from a competitive standpoint.”

Because Change's products are so widely used, including by many healthcare providers, United's health insurance rivals would not be able to prevent their data from being routed through Change post-transaction. Therefore, United's proposed acquisition of Change, with its rivals' competitively sensitive data, would allow United to co-opt its rival insurers' innovations and their competitive strategies and reduce their incentives to pursue those innovations and strategies in the first place. The proposed acquisition would also allow United to use its control over Change's technologies to disadvantage its health insurance rivals by raising their costs and denying or delaying their access to innovations and quality improvements to products and services supplied by Change.

Ultimately, this substantial lessening of competition would result in higher cost, lower quality, and less innovative commercial health insurance for employers, employees, and their families.

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I. INTRODUCTION

1. Health insurance helps protect American families from the financial risks associated with sickness and injury. It also facilitates access to the U.S. healthcare system, thereby improving health outcomes and affecting the lives of hundreds of millions of people living in the United States. Each year, Americans visit a doctor or hospital more than one billion times and spend more than four trillion dollars on healthcare—almost one-fifth of the U.S. gross domestic product. Roughly 155 million people, or almost half of all Americans, get their health insurance through an employer. Employers count on competition between health insurers to provide affordable, high quality, and innovative health plans to meet the needs of employees and their families. United’s proposed acquisition of Change threatens this competition.

2. United is a behemoth in the healthcare industry. A serial acquirer that has purchased more than 35 healthcare companies over the last 10 years, United operates, among other things: the largest health insurance company in the United States; a large network of physician groups, outpatient surgical centers, and other healthcare providers, including over 53,000 physicians across 15 states; a pharmacy benefit manager (PBM) that handles over a billion prescriptions every year; and a healthcare technology business that facilitates, among other things, the transmission, analysis, and review of health insurance claims.

3. Change is the leading independent supplier of technologies used by healthcare providers to submit health insurance claims, and by health insurance companies to evaluate and process these claims. It is not owned by any healthcare provider or health insurer. Change operates the nation’s largest electronic data interchange (EDI) clearinghouse, which transmits data between healthcare providers and insurers, allowing them to exchange insurance claims, remittances, and other healthcare-related transactions. The claims and remittances are referred to

as “claims data.” The claims data shows, among other things, the treatment an individual receives and the insurance coverage that they have, and provides a window into the inner workings of the health insurers and their plans. Change also sells a license to its separate state-of-the-art claims editing technology that enables health insurers to process, in real time, millions of healthcare claims each day to ensure compliance with their health insurance policies.

4. Nearly all of United’s major health insurance rivals rely on Change’s EDI clearinghouse and claims editing technology to compete with United’s commanding health insurance business, and they have leveraged these tools to save billions of dollars each year. Change’s technologies are critical tools that allow United’s health insurance rivals to keep healthcare costs down for their members and pay providers’ claims quickly so they can compete more effectively with United and one another for health insurance customers.

5. Change is the leading independent provider of technology used to transmit and review health insurance claims. As Change told analysts in 2019 “the SCALE, size, and independence of our business is a competitive advantage.” It has access to a vast trove of competitively sensitive claims data that flows through its EDI clearinghouse—over a decade’s worth of historic data as well as billions of new claims each year. According to United, 50 percent of all medical claims in the United States pass through Change’s EDI clearinghouse. Change’s self-described “pervasive network connectivity,” including approximately “900,000 physicians, 118,000 dentists, 33,000 pharmacies, 5,500 hospitals and 600 laboratories,” means that even when United’s health insurer rivals choose not to be a Change customer, health insurers have no choice but to have their claims data pass through Change’s EDI clearinghouse. Not only does Change process vast amounts of competitively sensitive claims data, but it also has secured “unfettered” rights to use over 60 percent of this data for its own business purposes including, for



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